

**ENHANCED PUBLIC SAFETY RETIREMENT
SYSTEMS COST-OF-LIVING ADJUSTMENT
OPTION AMENDMENTS**

2009 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Carl Wimmer

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the Utah State Retirement and Insurance Benefit Act by extending the date by which certain participating employers may elect to provide an enhanced maximum annual cost-of-living adjustment for certain public safety retirees.

Highlighted Provisions:

This bill:

- ▶ extends the deadline that a participating employer may elect to provide a maximum 4% COLA instead of a maximum 2.5% COLA to its eligible public safety retirees from December 1, 2009 to December 1, 2012; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

49-14-403, as last amended by Laws of Utah 2008, Chapter 227

49-15-403, as last amended by Laws of Utah 2008, Chapter 227



Be it enacted by the Legislature of the state of Utah:

Section 1. Section **49-14-403** is amended to read:

49-14-403. Annual cost-of-living adjustment -- Enhanced adjustment -- Eligibility.

(1) The office shall make an annual cost-of-living adjustment to:

(a) an original allowance paid under Section 49-14-402 and Part 5, Death Benefit, of this chapter if the allowance has been paid for at least one year; and

(b) an original payment made to an alternate payee under a domestic relations order, if the payment is to be paid as a percentage of the allowance rather than a specific dollar amount.

(2) (a) Unless Subsection (2)(b) applies, the original allowance shall be increased by the annual increase in the Consumer Price Index up to a maximum of 2.5%.

(b) If the participating employer has made an election under Subsection (5), and in lieu of the annual increase under Subsection (2)(a), the original allowance shall be increased by the annual increase in the Consumer Price Index up to a maximum of 4%.

(c) Annual increases in the Consumer Price Index in excess of the applicable maximum annual increase under this Subsection (2), shall be accumulated and used in subsequent adjustments when the annual increase in the Consumer Price Index is less than the applicable maximum annual increase under this Subsection (2).

(3) The Consumer Price Index used in calculating adjustments shall be a United States Bureau of Labor Statistics Consumer Price Index average as determined by the board.

(4) The cost-of-living adjustment made under this section may not decrease the allowance.

(5) (a) A participating employer may make a one-time election to provide the annual cost-of-living adjustment under Subsection (2)(b), in lieu of the annual cost-of-living adjustment under Subsection (2)(a), for the participating employer's current and future retirees.

(b) A participating employer shall make the election under this Subsection (5) prior to December 1, ~~2009~~ 2012.

(c) The participating employer shall indicate whether or not it elects to participate in this benefit by enacting a resolution or ordinance to that effect and making an application to the office.

(d) The effective date for the annual cost-of-living adjustment under Subsection (2)(b) is January 1 of the year following an election under Subsection (5)(a).

(e) Notwithstanding the election provided under this section, the state, as a participating employer, shall provide the annual cost-of-living adjustment under Subsection (2)(b) to its eligible employees and retirees effective on January 1, 2009.

(6) (a) To be eligible for the annual cost-of-living adjustment under Subsection (2)(b), a retiring employee shall earn the final 72 months of service credit prior to initial retirement:

(i) as an employee of a participating employer who:

(A) has made the election under Subsection (5)(a); or

(B) is included under Subsection (5)(e); and

(ii) in a covered position under Title 49, Chapter 14, Public Safety Contributory Retirement System Act or under Title 49, Chapter 15, Public Safety Noncontributory Retirement System Act.

(b) The eligibility requirements under Subsection (6)(a)(i) do not apply to a person who retires prior to July 1, 2008.

(c) The annual cost-of-living adjustment under Subsection (2)(b) may not be paid to a retiree who is not eligible under this Subsection (6).

(7) An allowance adjustment made under Subsections (2)(b) and (5) may not be paid prior to the effective date of the enhanced cost-of-living adjustment for the participating employer.

(8) The board may adopt rules for:

(a) the administration of the election provided under Subsection (5); and

(b) the effective date of the enhanced cost-of-living adjustment for participating employers.

Section 2. Section **49-15-403** is amended to read:

49-15-403. Annual cost-of-living adjustment.

(1) The office shall make an annual cost-of-living adjustment to:

(a) an original allowance paid under Section 49-15-402 and Part 5, Death Benefit, of this chapter if the allowance has been paid for at least one year; and

(b) an original payment made to an alternate payee under a domestic relations order if the payment is to be paid as a percentage of the allowance rather than a specific dollar amount.

90 (2) (a) Unless Subsection (2)(b) applies, the original allowance shall be increased by
91 the annual increase in the Consumer Price Index up to a maximum of 2.5%.

92 (b) If the participating employer has made an election under Subsection (5), and in lieu
93 of the annual increase under Subsection (2)(a), the original allowance shall be increased by the
94 annual increase in the Consumer Price Index up to a maximum of 4%.

95 (c) Annual increases in the Consumer Price Index in excess of the applicable maximum
96 annual increase under this Subsection (2), shall be accumulated and used in subsequent
97 adjustments when the annual increase in the Consumer Price Index is less than the applicable
98 maximum annual increase under this Subsection (2).

99 (3) The Consumer Price Index used in calculating adjustments shall be a United States
100 Bureau of Labor Statistics Consumer Price Index average as determined by the board.

101 (4) The cost-of-living adjustment made under this section may not decrease the
102 allowance.

103 (5) (a) A participating employer may make a one-time election to provide the annual
104 cost-of-living adjustment under Subsection (2)(b), in lieu of the annual cost-of-living
105 adjustment under Subsection (2)(a), for the participating employer's current and future retirees.

106 (b) A participating employer shall make the election under this Subsection (5) prior to
107 December 1, ~~[2009]~~ 2012.

108 (c) The participating employer shall indicate whether or not it elects to participate in
109 this benefit by enacting a resolution or ordinance to that effect and making an application to the
110 office.

111 (d) The effective date for the annual cost-of-living adjustment under Subsection (2)(b)
112 is January 1 of the year following an election under Subsection (5)(a).

113 (e) Notwithstanding the election provided under this section, the state, as a
114 participating employer, shall provide the annual cost-of-living adjustment under Subsection
115 (2)(b) to its eligible employees and retirees effective on January 1, 2009.

116 (6) (a) To be eligible for the annual cost-of-living adjustment under Subsection (2)(b),
117 a retiring employee shall earn the final 72 months of service credit prior to initial retirement
118 effective on January 1, 2009:

119 (i) as an employee of a participating employer who:

120 (A) has made the election under Subsection (5)(a); or

121 (B) is included under Subsection (5)(e); and
122 (ii) in a covered position under Title 49, Chapter 14, Public Safety Contributory
123 Retirement System Act or under Title 49, Chapter 15, Public Safety Noncontributory
124 Retirement System Act.
125 (b) The eligibility requirements under Subsection (6)(a)(i) do not apply to a person who
126 retires prior to July 1, 2008.
127 (c) The annual cost-of-living adjustment under Subsection (2)(b) may not be paid to a
128 retiree who is not eligible under this Subsection (6).
129 (7) An allowance adjustment made under Subsections (2)(b) and (5) may not be paid
130 prior to the effective date of the enhanced cost-of-living adjustment for the participating
131 employer.
132 (8) The board may adopt rules for:
133 (a) the administration of the election provided under Subsection (5); and
134 (b) the effective date of the enhanced cost-of-living adjustment for participating
135 employers.

Legislative Review Note
as of 12-19-08 11:09 AM

Office of Legislative Research and General Counsel

Fiscal Note**H.B. 212 - Enhanced Public Safety Retirement Systems Cost-of-living
Adjustment Option Amendments**

2009 General Session

State of Utah

State Impact

Enactment of this bill will not require additional appropriations.

Individual, Business and/or Local Impact

Enactment of this bill will affect local governments if they make a one-time election to offer the enhanced cost-of-living adjustment. Retirement rates for employees who are covered by this election would increase. The impact on employers and employees who make the one-time election will vary based on whether or not employees pay a portion of their pension contributions.
